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FIRST GENERAL COUNSEL'S REPORT

SENSITIVE

Audit Referral No. 02-09
Audit Referral Date: July 8, 2002
Date Activated: August 14, 2002

Expiration of Statute
of Limitations: 03/09/05
Staff Member: Kimberly D. Hart

SOURCE:

Internally Generated Audit Referral

RESPONDENTS:

Philadelphia 2000 and Karen Dougherty Buchholz,
as Treasurer
Access Industries, Inc.
Florida Crystals, Inc.
Flo-Sun, Inc.
QTV, Inc.
Voter.com

**RELEVANT STATUTES
AND REGULATIONS:**

2 U.S.C. § 441b(a)
11 C.F.R. § 114.1(a)(2)(viii)
11 C.F.R. § 116.2
11 C.F.R. § 116.8
11 C.F.R. § 116.10(a)
11 C.F.R. § 9008.52(b)
11 C.F.R. § 9008.52(c)(1)
11 C.F.R. § 9008.52(c)(2)
11 C.F.R. § 9008.9

INTERNAL REPORTS CHECKED: Audit Documents

FEDERAL AGENCIES CHECKED: None

I. INTRODUCTION

Philadelphia 2000 ("Committee") was the host committee for the Republican Party's national nominating convention. The Republican National Convention Committee accepted public funds to conduct the convention. Therefore, the Commission audited the Committee pursuant to 11 C.F.R. § 9008.54. On May 23, 2002, the Commission approved the Committee's Audit Report. Subsequently, the Audit Division referred two matters from the audit to the Office of General Counsel for enforcement.

We reviewed the Audit Division's materials that included two issues for referral to the Office of General Counsel for a possible compliance action. The first issue referred is whether the Committee accepted donations from businesses. As a general rule, host committees may accept donations from businesses located within the convention city's metropolitan area. However, some of the donations to the Committee are problematic because some of the business contributors were not located within the Philadelphia Metropolitan Area ("Philadelphia MA"). Moreover, some of the donations are unusual in the sense that the purported donations arose out of transactions wherein the Committee provided assets or services to the supposed contributors.

The second issue arises from the fact that some of the Committee's vendors settled obligations for less than the amounts the vendors claim were due to them. If an obligation qualifies as a debt and it is forgiven, it may result in a donation to the host committee. However, all of the vendors, except one, were located within the Philadelphia MA, and, thus, could legally make donations to the Committee.

1 **II. DONATIONS TO HOST COMMITTEE**

2 **A. Law**

3 Generally, if a vendor is a corporation, the vendor is prohibited from making
4 contributions to a committee, and a committee cannot accept contributions. 2 U.S.C.
5 § 441b(a). However, if the vendor makes a donation to a host committee under 11 C.F.R.
6 § 9008.52, the donation is not a contribution. 11 C.F.R. § 114.1(a)(2)(viii). Pursuant to
7 11 C.F.R. § 9008.52(c)(1), local businesses (including banks), local labor organizations,
8 and other local organizations or individuals who maintain a local residence or who work
9 for a local business, local labor organizations, or local organizations may donate funds or
10 make in-kind donations to a host committee. Any business (including a branch of a
11 national or regional chain, a franchise, or licensed dealer) or labor organization or other
12 organization with offices or facilities located within the Metropolitan Area (MA) of the
13 convention city shall be considered local. 11 C.F.R. § 9008.52(c)(2). There is a
14 rebuttable presumption that any such entity located outside the MA is not local. *Id.* A
15 host committee may rebut the presumption by a showing that the volume of business or
16 activity in an area outside the MA would be directly affected by the presence of the
17 convention. *Id.*

18 On August 8, 2003, the Commission approved new rules governing donations to
19 host committees, which have not yet become effective. Under the revised rules,
20 businesses (including banks), labor organizations, and other organizations or individuals
21 may donate funds or make in-kind donations to a host committee to be used for the
22 purposes set forth in section 9008.52(b)(1) – (b)(11), with no requirement of a presence

1 within the MA. 11 C.F.R. § 9008.52(b).¹ *See Explanation and Justification* for
2 11 C.F.R. § 9008.52(b), 68 Fed. Reg. 47399 (August 8, 2003).

3 **B. Discussion**

4 The Audit staff identified four donations² to the Committee, totaling \$135,000,
5 from business entities located outside the Philadelphia MA. Attachment 1 at 10. Two of
6 the four donations represent \$85,000³ paid to the Committee by Access Industries, Inc.
7 ("Access") and Voter.com for promotional opportunities and advertising space within the
8 convention facilities. Attachment 1 at 10. The Committee received the remaining two
9 donations, totaling \$50,000, from Florida Crystals, Inc. ("Florida Crystals") and Flo-Sun,
10 Inc. ("Flo-Sun").⁴ Attachment 1 at 10.

11 **1. Access and Voter.com Advertising Space Fees**

12 The Committee argues, in its response to the Preliminary Audit Report, that it is
13 not required to demonstrate a local presence for Access and Voter.com since the fees paid
14 for the advertising space were not donations as contemplated by 11 C.F.R.

¹ This particular regulatory section was previously cited as § 9008.52(c) in the February 3, 2003 edition of Title 11 of the Code of Federal Regulations. However, the revised regulatory citation is now §9008.52(b). *See Explanation and Justification* for 11 C.F.R. § 9008.52(b), 68 Fed. Reg. 47399 (August 8, 2003).

² CNN LP LLP ("CNN") paid the Committee \$16,250 for the use of parking spaces. CNN is not located within the Philadelphia MA. However, this \$16,250 donation is not at issue in this referral. The Commission was equally divided at the audit report stage as to whether the fees paid by CNN for parking spaces constituted a donation to the Committee. Attachment 4. As a result, the Audit Division did not refer to the Office of General Counsel the portion of the Audit Report pertaining to the CNN parking fees. Attachment 1 at 14.

³ Access paid \$25,000 and Voter.com paid \$60,000 for the use of the Committee's advertising space within the arena facilities.

⁴ Both entities are incorporated in the state of Florida. The Audit staff's documentation indicates that Flo-Sun and Florida Crystals are affiliated in that Flo-Sun is the parent corporation of its subsidiary corporation, Florida Crystals. Attachment 7.

1 § 9008.52(c)(1), but rather were payments for goods and services rendered by the
2 Committee to the vendors.⁵ Attachment 3 at 5. The Committee states:

3 Rather, these payments represented compensation for goods
4 and services provided by Philadelphia 2000 to the companies
5 in question, and in such instances, there was no requirement
6 that the companies maintain a physical presence within the
7 Philadelphia MA. ... There is nothing in the regulations that
8 prevents a host committee from charging for goods and
9 services that it might choose to provide to the public. There
10 is similarly nothing in the regulations that requires a company
11 that is paying a host committee for goods and services to be
12 located within the applicable MA. Attachment 4 at 11.

13 Access and Voter.com are not located within the Philadelphia MA.⁶ Therefore, if
14 Access or Voter.com made a donation to the Committee, it may not be permissible under
15 11 C.F.R. § 9008.52(c)(1). The Committee, as a host committee, is governed by
16 11 C.F.R. § 9008.52 in terms of the businesses that may donate funds and make in-kind
17 donations to a host committee. If the Committee receives funds or in-kind donations
18 from businesses within the local MA, those donations are considered permissible
19 contributions pursuant to 11 C.F.R. § 114.1(a)(2)(viii). Thus, the main issue as to these
20 two vendors is whether the payments for the Committee's provision of services are
21 permissible donations under 11 C.F.R. § 114.1(a)(2)(viii). Neither the Presidential

⁵ In addition to the Committee's response to the Preliminary Audit Report, the Committee submitted a document for the Commission's consideration during its Open Session meeting on May 16, 2002, in connection with the Audit Report ("Open Session submission"). Attachment 5. In its submission, the Committee reiterates the same basic argument regarding the fees paid by Access and Voter.com to the Committee for advertising space. However, the Commission did not consider the Open Session submission at that time because it was not submitted timely.

⁶ The Audit staff utilized several different sources, including telephone and address listings for the Philadelphia MA and the Internet as a means of determining whether Access or Voter.com had a business office or location within the Philadelphia MA. However, the Audit staff did not find any information to indicate that either Access or Voter.com had a local presence within the Philadelphia MA.

1 Election Campaign Fund Act ("Fund Act") nor the Commission's regulations define the
2 term "donation" as referenced in section 9008.52(c)(1).⁷

3 Historically, the Commission's general policy, as enunciated in several Advisory
4 Opinions ("AOs"), has been that the sale or commercial use of committee assets by a
5 committee constitutes fundraising for political purposes, resulting in contributions subject
6 to the limitations and prohibitions of the Federal Election Campaign Act. *See* AOs 1989-
7 4, 1988-12, and 1982-2. In determining if a committee's sale of its assets results in a
8 contribution, the Commission has noted that if a committee receives more than the usual
9 and normal charge, there would be a contribution. *See* AO 1989-4.⁸ In two recent AO's
10 (AO 2002-14 and AO 2003-19), the Commission acknowledged that under certain
11 circumstances fair market value transactions between party committees and other entities
12 would not result in contributions.

13 During the Commission's discussion of this issue in the audit context, some
14 Commissioners noted the possibility that if the vendors paid fair market value for the
15 services, then the payment would not be considered a donation from vendors located
16 outside of the Philadelphia MA. Thus, while it is possible that the vendors did not make
17 donations, the Commission cannot reach this determination because the Committee has

⁷ The Committee cites to Webster's Dictionary as its source for the definition of "donation."
Attachment 3 at 5.

⁸ The Advisory Opinions referenced address contributions to political committees. This referral involves donations to a host committee. The terms are different, but the overriding legal principle is the same. Section 441b prohibits political committees from accepting corporate financing for the purpose of influencing a federal election. 2 U.S.C. § 441b(a). The Commission maintained the same concern about corporate financing of federal elections when it promulgated the regulations for host committees and allowed them to accept donations from local businesses. *Explanation and Justification* for predecessor to 11 C.F.R. § 9008.52, 44 Fed. Reg. 63038 (Nov. 1, 1979); *see also Explanation and Justification* for 11 C.F.R. § 9008.52, 59 Fed. Reg. 33615 (June 29, 1994).

1 not provided the Commission with any information regarding the fair market value of the
2 advertising space utilized by Access and Voter.com.⁹ Therefore, the payments from
3 Access and Voter.com may constitute donations to the Committee from entities outside
4 of the Philadelphia MA. Thus, these payments may not be permissible under 11 C.F.R.
5 § 9008.52 and the donations, totaling \$85,000 made to the Committee by Access
6 Industries, Inc. and Voter.com may represent prohibited contributions pursuant to
7 2 U.S.C. § 441b(a). Attachment 6.¹⁰

8 Accordingly, the Office of General Counsel recommends that the Commission
9 find reason to believe that –

- 10 • Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer,
11 accepted prohibited contributions totaling \$85,000 from Access Industries,
12 Inc. and Voter.com in violation of 2 U.S.C. § 441b(a);
- 13 • Access Industries made a prohibited contribution, totaling \$25,000, to
14 Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer, in
15 violation of 2 U.S.C. § 441b(a); and
- 16 • Voter.com made a prohibited contribution, totaling \$60,000, to
17 Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer, in
18 violation of 2 U.S.C. § 441b(a).

19 However, for the reasons addressed in section IV, we further recommend that the
20 Commission take no further action.
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⁹ The Preliminary Audit Report specifically requested that the Committee provide information to demonstrate that the vendors paid fair market value for the Committee's services. However, the Committee did not submit any documentation to the Commission regarding the fair market value of the advertising space.

¹⁰ This Office has confirmed with the Secretary of State for Massachusetts that Voter.com is registered as an active corporation in Massachusetts. This information is not available on the Internet as it is for Access. This Office has also confirmed with the Secretary of State for New York that Access is registered as an active corporation.

2. **Monetary Donations made by Florida Crystals and Flo-Sun**

The Committee received monetary donations, totaling \$50,000, from two corporations, Florida Crystals and Flo-Sun, who are not located within the Philadelphia MA. Attachment 4. The Committee argues, in its response to the Preliminary Audit Report, that the distribution agreement between Florida Crystals and American Sweetener Company, whose facility is located within the Philadelphia MA, is sufficient to establish a local presence for Florida Crystals and Flo-Sun within the Philadelphia MA.¹¹ Attachment 3.

There is no mention in section 9008.52(c)(2) of the concept of "distribution agreement" as an acceptable means of establishing a local presence in the MA. Rather, under the regulation, Florida Crystals and Flo-Sun are themselves required to maintain an office or facility within the Philadelphia MA which can include a branch of a regional or national chain, a licensed dealer or a franchise located within the Philadelphia MA. Florida Crystals may have a distribution agreement with a company located within the Philadelphia MA, but there is no evidence that its "distribution agreement" with American Sweetener Company constitutes being a licensed dealer, franchise or a branch of a regional or national chain.¹²

Therefore, the monetary donations made by Florida Crystals and Flo-Sun to the Committee may represent prohibited corporate contributions pursuant to 2 U.S.C.

¹¹ Although the Committee does not specifically allege that Flo-Sun is part of this distribution agreement, it appears that the Committee is including Flo-Sun in its argument by virtue of its corporate parent relationship with Florida Crystals.

¹² In addition, this Office is of the opinion that the fact that Flo-Sun is affiliated with Florida Crystals would not necessarily mean that any advantages gained by its distribution relationship would be automatically applicable to Flo-Sun.

§ 441b(a). Thus, the Office of General Counsel recommends that the Commission find reason to believe that –

- Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer, accepted prohibited contributions, totaling \$25,000, from Florida Crystals, Inc. and \$25,000 from Flo-Sun, Inc. in violation of 2 U.S.C. § 441b(a);
- Florida Crystals, Inc. violated 2 U.S.C. § 441b(a) by making a prohibited contribution, totaling \$25,000, to Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer; and
- Flo-Sun, Inc. violated 2 U.S.C. § 441b(a) by making a prohibited contribution, totaling \$25,000, to Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer.

However, for reasons addressed in section IV, we further recommend that the Commission take no further action.

III. FORGIVEN DEBTS VS. DISPUTED DEBTS

The Audit Division discovered eight vendors who apparently forgave a portion of the Committee's debts in the amount of \$2,266,646.02.¹³ Attachment 1. The eight vendors are Arena Vision, Greater Philadelphia Chamber of Commerce ("GPCC"), IKON Office Solutions ("IKON"), Staples Business Advantage, Inc. ("Staples"), QTV, Inc. ("QTV"), Universal Fabric Structures ("Universal"), Verizon and Xerox Corporation ("Xerox"). All of these entities are corporations except GPCC, an entity existing within

¹³ Initially, there were nine vendors with alleged forgiven debt. The Audit staff reduced the original debt owed to Central Parking from \$10,857 to \$6,285. As a result, the Audit staff has determined that the Committee paid the full amount of the original invoice price to Central Parking. It is our understanding that the Audit Division is no longer asserting debt forgiveness as to this vendor. Attachment 8.

Overall, the Audit staff adjusted its overall original debt forgiveness figure from \$2,283,465 to \$2,266,646.02, after further review of documentation for three of the nine vendors. Attachment 8. The Audit staff reduced the original debt amount for Arena Vision from \$12,203.35 to \$11,405 after deducting taxes of \$798.35. Attachment 8. In addition, the original debt amount for Staples has been reduced from \$115,847.56 to \$104,398.77, after the Audit staff's deduction of \$4,348.01 for taxes and application of \$7,100.78 in credits. Attachment 8.

1 the City of Philadelphia government, which performed payroll services for the
2 Committee.¹⁴ Also, all of these vendors, with the exception of QTV, Inc., were located
3 within the Philadelphia MA and, thus, would have been permitted to donate funds or
4 make in-kind donations to the Committee pursuant to 11 C.F.R. § 9008.52(c)(1).
5 Because QTV is the only vendor located outside the Philadelphia MA, it is the only
6 vendor that could violate 2 U.S.C. § 441b by making a prohibited contribution.
7 Therefore, the Commission must decide whether QTV forgave a portion of its debt owed
8 by the Committee such that it would constitute a contribution to the Committee.¹⁵

9 The regulations governing debt forgiveness are found at 11 C.F.R. § 116.8.
10 Pursuant to 11 C.F.R. § 116.8(a), the creditor and the ongoing committee¹⁶ must satisfy
11 the requirements of 11 C.F.R. §§ 116.3¹⁷ or 116.5 to forgive a debt. A creditor that
12 intends to forgive a debt owed by an ongoing committee shall notify the Commission by
13 letter of its intent.¹⁸ 11 C.F.R. § 116.8(b). The Commission may conclude that the

¹⁴ GPCC is considered a part of the City of Philadelphia government. As such, it has a presence within the Philadelphia MA in conformity with 11 C.F.R. § 9008.52(c)(1).

¹⁵ None of the creditors in this matter filed a request for debt forgiveness with the Commission. However, all of the vendors, except QTV, would have been allowed to donate to the Committee, thereby negating any harm caused by the failure of the relevant vendors to request Commission approval to forgive portions of the debt owed by the Committee. 11 C.F.R. § 116.8(b). Therefore, the Office of General Counsel does not have a recommendation as to whether the Commission should find reason to believe against the remaining vendors for violating 11 C.F.R. § 116.8(b).

¹⁶ An ongoing committee is any political committee that has not terminated and does not qualify as a terminating committee. 11 C.F.R. § 116.1(b).

¹⁷ Section 116.3 pertains to the extension of credit by unincorporated and incorporated vendors to committees in the ordinary course of business and the resulting contribution consequences. 11 C.F.R. § 116.3.

¹⁸ The Committee suggests that 11 C.F.R. § 116.8 governs political committees and does not apply to host committees. Although 11 C.F.R. § 116.8 addresses debts of a political committee and this enforcement matter involves debts of a host committee, the overriding legal principle is the same. The Commission, in promulgating and revising these regulatory provisions, sought to ensure that the creation and settlement of debts owed by candidates and political committees do not result in prohibited corporate

1 portion of the debt forgiven has contribution consequences if the vendor did not conform
2 to the requirements of section 116.8 in providing the Commission the opportunity to
3 make a determination as to the commercial reasonableness of the debt forgiveness.

4 11 C.F.R. § 116.8.¹⁹

5 QTV did not submit a letter of its intent to settle the debt with the Commission.
6 However, the Commission must still determine whether the settlement results in a
7 contribution to the Committee.²⁰ The Committee maintains that the debt was not settled
8 for less than it owed and, therefore, there can be no resulting contribution. Attachment 5
9 at 3. While there is an issue as to the true amount of the original debt, the only items of
10 documentary evidence before the Commission currently are the QTV invoices and the
11 settlement/release agreement. Attachment 9. These documents reflect the greater

contributions. *Explanation and Justification* for 11 C.F.R. Part 116, 55 Fed. Reg. 26378 (June 27, 1989). The Commission was equally concerned about the influence of corporate financing in federal elections in enacting regulations for host committees. *Explanation and Justification* for 11 C.F.R. § 9008.52 at 59 Fed. Reg. 33615 (June 29, 1994). It seems plausible that the Commission would want to ensure that the debts of a host committee are resolved in a manner that does not violate the Act or regulations, as it does with political committees. There is nothing to suggest that the Commission intended to exempt host committees from the requirements pertaining to outstanding debts. If the Commission was interested in ensuring that only debts owed by candidates and political committees do not result in excessive or prohibited contributions, it could have easily done so by including this language in the regulations. Therefore, this Office believes that host committees are required to adhere to the regulatory provisions at 11 C.F.R. § 116.8.

¹⁹ Upon the Commission's request, the ongoing committee or the creditor shall provide the additional information necessary for the Commission to review the creditor's request. 11 C.F.R. § 116.8(c).

²⁰ The Committee appears to argue that characterizing a debt as disputed irrevocably prevents it from being re-characterized as a forgiven debt once the parties have resolved the dispute. However, a disputed debt is a debt or obligation owed by a political committee where there is a bona fide disagreement between the creditor and the political committee as to the existence or amount of the obligations owed by the political committee. 11 C.F.R. § 116.1(d). However, once the parties reach an agreement to settle the matter, ostensibly for less than the original amount allegedly owed, the creditor must follow the Commission's procedures for debt forgiveness. 11 C.F.R. § 116.8(b). Since QTV did not follow the procedures for debt forgiveness, the Commission cannot "ascertain whether the creditor's actions were commercially reasonable." *Explanation and Justification* for 11 C.F.R. § 116.8, 55 Fed. Reg. 26384 (June 19, 1989).

1 amount that QTV claimed was owed to it. Of course, the Committee may be correct in
2 its assertion regarding the amount of the original debt. However, the Committee did not
3 submit any other alternative original debt amount other than the amount represented on
4 the invoice and/or settlement/release agreement for QTV. Therefore, the forgiven portion
5 of the debt may result in a contribution to the Committee. 11 C.F.R. § 100.7(a)(4);
6 11 C.F.R. § 116.4(b)(2).

7 In light of the fact that QTV does not have a local presence, the contribution to
8 the Committee may represent an impermissible donation pursuant to 11 C.F.R.
9 § 9008.52(c).²¹ Therefore, this Office recommends that the Commission find reason to
10 believe that:

- 11 • QTV, Inc. made a prohibited contribution, totaling \$65,000, to
12 Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer, in
13 violation of 2 U.S.C. § 441b(a);
14
- 15 • QTV violated 11 C.F.R. § 116.8(b) since it failed to file a debt
16 forgiveness letter with the Commission; and
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- 18 • Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer,
19 accepted a prohibited contribution, totaling \$65,000, from QTV,
20 Inc. in violation of 2 U.S.C. § 441b(a).²²
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²¹ The vendor contract and invoices indicate that the QTV is located in New York. Attachment 10. The Audit staff was able to determine that QTV is a division of Autocue, Inc. and both are incorporated in the state of New York. Attachment 10. The Audit Division conducted research to determine if either entity had a business location within the Philadelphia MA and could not establish a local presence for QTV or Autocue, Inc. Attachment 10. It is our understanding that the Audit staff searched for office locations for Autocue, Inc. and QTV, Inc. on the Internet since QTV is a division of Autocue. The Audit staff found that neither Autocue, Inc nor QTV has offices or facilities within the Philadelphia MA. Attachment 10. The Committee, at the audit stage, did not submit any documentation to demonstrate a local presence for QTV within the Philadelphia MA.

²² The Office of General Counsel does not recommend to the Commission a reason to believe finding against the Committee for violation of 11 C.F.R. § 116.8(b) because this regulatory provision does not place an affirmative duty to act on the Committee.

1 **IV. RECOMMENDATIONS TO TAKE NO FURTHER ACTION**

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3 In light of the fact that the new regulations governing donations to host
4 committees no longer contain a local presence requirement, this Office recommends that
5 the Commission take no further action with respect to any of the reason to believe
6 recommendations. *See Explanation and Justification* for 11 C.F.R. § 9008.52(b), 68 Fed.
7 Reg. 47399 (August 8, 2003). The local presence requirement “no longer serves a
8 meaningful purpose because the disbursements that host committees and municipal funds
9 are permitted to make are consistent with the narrow purpose of promoting commerce in,
10 and the suitability of, the convention city.” *See Explanation and Justification* for
11 11 C.F.R. § 9008.52(b), 68 Fed. Reg. 47399 (August 8, 2003). In addition, the “physical
12 location of the donor is less important than it once was because of the controls on the use
13 of the donations to a host committee.” *Id.* This Office, therefore, recommends that the
14 Commission take no further action against any of the Respondents in this matter.

15 **V. RECOMMENDATIONS**

- 16 1. Open a Matter Under Review;
- 17 2. Find reason to believe that Philadelphia 2000 and Karen Dougherty
18 Buchholz, as Treasurer, accepted prohibited contributions, totaling
19 \$85,000, from Access Industries, Inc. and Voter.com in violation of
20 2 U.S.C. § 441b(a), but take no further action;
- 21 3. Find reason to believe that Access Industries, Inc. made a prohibited
22 contribution, totaling \$25,000, to Philadelphia 2000 and Karen Dougherty
23 Buchholz, as Treasurer in violation of 2 U.S.C. § 441b(a), but take no
24 further action;
- 25 4. Find reason to believe that Voter.com made a prohibited contribution,
26 totaling \$60,000, to Philadelphia 2000 and Karen Dougherty Buchholz, as
27 Treasurer, in violation of 2 U.S.C. § 441b(a), but take no further action;
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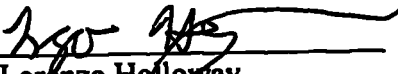
5. Find reason to believe that Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer, accepted prohibited contributions, totaling \$50,000, from Florida Crystals, Inc. and Flo-Sun, Inc. in violation of 2 U.S.C. § 441b(a), but take no further action;
6. Find reason to believe that Florida Crystals, Inc. made a prohibited contribution, totaling \$25,000, to Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer, in violation of 2 U.S.C. § 441b(a), but take no further action;
7. Find reason to believe that Flo-Sun, Inc. made a prohibited contribution, totaling \$25,000, to Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer, in violation of 2 U.S.C. § 441b(a), but take no further action;
8. Find reason to believe that Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer, accepted a prohibited contribution, totaling \$65,000, from QTV, Inc., in violation of 2 U.S.C. § 441b(a), but take no further action;
9. Find reason to believe that QTV, Inc. made a prohibited contribution, totaling \$65,000, to Philadelphia 2000 and Karen Dougherty Buchholz, as Treasurer, in violation of 2 U.S.C. § 441b(a), but take no further action;
10. Find reason to believe that QTV, Inc. violated 11 C.F.R. § 116.8 by failing to file a letter of intent with the Commission regarding debt forgiveness but take no further action;
11. Approve the appropriate letters; and
12. Close the file.

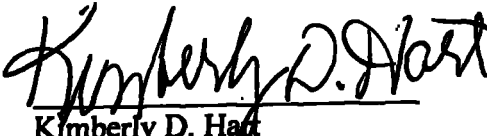
10/23/03
Date

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